

South Carolina Board of Economic Advisors

Statement of Estimated Revenue Impact

Date: January 22, 2008

Bill Number: S. 951

Author: Hayes

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section 12-33-245, as amended, Code of Laws of South Carolina, 1976, relating to the five percent excise tax on the sale of alcoholic liquors for on-premises consumption and the distribution of the revenues of the tax, so as to provide that the minimum distribution to state agencies, counties, and local entities must be based on revenues received in fiscal year 2004-2005, rather than revenues allocated.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund revenues by \$107,541 in FY 2007-08.

Explanation

This bill would change the current allocation of the 5% excise tax on alcoholic drinks so that the state and local entities that receive the tax allocations would receive tax revenue collected during the fiscal year. This bill would speed up allocations from the 25% of the 5% excise tax per drink revenue allocated pursuant to the State Aid to Local Subdivisions Act to the receiving entities by eliminating the current one quarter delay for revenues received by the state in the current quarter and then allocated the next quarter through the State Aid to Local Subdivisions Act. In effect this would increase the base year, FY 2004-05, by \$107,541 for all future calculations of the hold harmless provision beginning in FY 2007-08. Based on revenue received through the first six months of the fiscal year it appears that revenues allocated to the state and local agencies will fall below the \$7,026,936 FY 2004-05 base year minimum required distribution. Therefore, the mandated increase in the hold harmless provision would reduce General Fund revenues by \$107,541 in FY 2007-08.

/s/William C. Gillespie

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Shuford

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.